

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 205

C O N F I D E N T I A L TEGUCIGALPA 2256

E.O. 11652: GDS

TAGS: CASC, BBAK, HO

SUBJECT: CONVERSATION WITH UB MANAGER HOUSTON LACOMBE

REF: TEGUCIGALPA 2212

1. LABOFF AND HONDURAS/EL SALVADOR OIC WACKERBARTH MET WITH HOUSTON LACOMBE, MANAGER OF THE UNITED BRANDS' SUBSIDIARY, THE TELA RAILROAD COMPANY, IN LA LIMA THE AFTERNOON OF MAY 27. LACOMBE SAID THAT HE WAS GOING TO TESTIFY IN THE BRIBERY CASE IN TEGUCIGALPA MAY 28.

2. LACOMBE SAID THAT HE HAD BEEN ASSURED BY HIS LAWYER, A FORMER SUPREME COURT JUDGE, THAT NO CRIMINAL CHARGES COULD BE LEGALLY BROUGHT AGAINST HIM. HE SAID THAT HE EXPECTED TO BE PERMITTED TO LEAVE HONDURAS FOLLOWING HIS TESTIMONY. HE ADDED THAT IF HIS TRAVEL RESTRICTION WAS NOT CANCELLED, HE WOULD REQUEST EMBASSY ASSISTANCE. LACOMBE SAID THAT ALTHOUGH HE HAD WANTED TO TRAVEL, HE HAD NOT PRESSED THE ISSUE TO DATE TO AVOID POLITICAL COMPLICATIONS, PARTICULARLY AS THEY RELATE TO HIS OWN EFFECTIVENESS AS UB RESIDENT MANAGER.

3. IN DISCUSSING UB PAYMENT QUESTION LACOMBE

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SUPPORTED THESIS THAT SINCE BANANA TAX WOULD HAVE BEEN

LOWERED SOONER OR LATER, EX-MINECON BENNATON DECIDED TO TAKE ADVANTAGE OF THE SITUATION BY SEEKING PAYMENT. HE ADDED HIS BELIEF THAT BENNATON WAS ACTING IN THE NAME OF LOPEZ AND NOT ALONE BECAUSE THE AMOUNT OF THE PAYMENT WAS TO EXCESSIVE FOR A CABINET MINISTER WHO DID NOT HAVE AUTHORITY TO MAKE FINAL DECISION ON TAX ISSUE. LACOMBE EXPRESSED HIS CONCERN THAT SINCE BENNATON WAS JAILED POLITICAL CONSIDERATIONS WOULD REQUIRE THAT SOME ACTION ALSO BE TAKEN AGAINST UB OR TELA RAILROAD COMPANY.

4. LACOMBE EXPRESSED IN STRONG TERMS UNITED BRANDS' DESIRE

TO GET OUT OF THE PRODUCTION SIDE OF BANANAS AND SAID THAT UB WOULD SELL ITS HONDURAN OPERATIONS TO ANY BUYER.

6 EMBOFF HAS BEEN INFORMED BY SOURCE IN ATTORNEY GENERAL'S OFFICE THAT LACOMBE DID IN FACT TESTIFY MAY 28 THAT THE COURT REFUSED TO ALLOW THE PRESENCE OF HIS LAWYER. SANCHEZ

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